STATE OF NEW MEXICO
COUNTY OF SANTA FE
FIRST JUDICIAL DISTRICT COURT

BRUCE MALOTT,

Plaintiff,

vs. **No.** D-101-CV-2011-03315

ANTHONY CORRERA; MARC CORRERA; GARY BLAND; SAUL MEYER; ALDUS EQUITY PARTNERS, L.P., a/k/a RENAISSANCE PRIVATE EQUITY PARTNERS, L.P.; ALDUS MANAGEMENT CO., LLC; ALDUS EQUITY LLC; ALDUS CAPITAL, LLC; GSS HOLDINGS (NMERB), INC.; ERASMUS CAPITAL MANAGEMENT, L.P.; ERASMUS CAPITAL GP, LLC; MATTHEW O'REILLY; MARCELLUS TAYLOR; RICHARD ELLMAN; DEUTSCHE BANK A.G.; DEUTSCHE BANK AMERICAS HOLDING CORP., d/b/a REEF PRIVATE EQUITY, a unit of REEF ALTERNATIVE INVESTMENTS, a management business of DEUTSCHE BANK'S ASSET MANAGEMENT DIVISION; DBAH CAPITAL, LLC; THE TOPIARY TRUST c/o Caledonian Bank and Trust Limited; DB INVESTMENT MANAGERS, INC.; BRIAN RICE; JOHN STIMSON; DEUTSCHE BANK JOHN DOES 1 through 10; VANDERBILT FINANCIAL TRUST; VANDERBILT CAPITAL ADVISORS, LLC; VANDERBILT FINANCIAL, LLC; PIONEER INVESTMENT MANAGEMENT U.S.A., INC.; PATRICK LIVNEY; KURT WILHELM FLORIAN, JR.; MARTIN CABRERA; CABRERA CAPITAL MARKETS, INC.; AJAX INVESTMENTS, LLC; AJAX ADVISORS, LLC; ARLENE RAE BUSCH; DAV/WETHERLY FINANCIAL, L.P.; WETHERLY MANAGEMENT LLC; DANIEL WEINSTEIN; VICKY LEE SCHIFF; JULIO RAMIREZ; SDN ADVISERS, LLC; L2 CAPITAL MANAGEMENT, LLC; L2 INVESTMENT ADVISERS, LLC; L2 ASSET MANAGEMENT, LLC; and JOHN DOES 1 through 50,

Defendants.

COMPLAINT TO RECOVER MONEY DAMAGES FOR PERSONAL, BUSINESS, AND PROPERTY INJURY FROM RACKETEERING, FRAUD, BREACH OF FIDUCIARY DUTY, AND OTHER TORTIOUS CONDUCT

Plaintiff Bruce Malott brings this Complaint to seek redress for damages he sustained by the Defendants' misconduct. As described below, Defendants played a variety of roles in a complex web of corruption that spanned the United States from coast-to-coast, including New Mexico, and resulted in illegal payoffs totaling far in excess of $ 100,000,000 ($ 100 Million). Defendants' criminal misconduct here secretly corrupted the integrity of New Mexico State Government, including the New Mexico Educational Retirement Board ("ERB"), and resulted in at least $ 22,000,000 ($ 22 Million) in illegal payoffs in New Mexico alone.

The ERB is responsible for the administration and investment of the Educational Retirement Fund ("Fund"), which currently is an approximately $9,500,000,000 ($ 9.5 Billion) pension fund for the benefit of approximately 95,000 active and retired New Mexico teachers, custodians, school nurses, university professors, bus drivers, and other education employees ("educators"). From June 1999 to August 2004 Plaintiff was a volunteer member of the ERB board of directors, and from August 2004 until September 2010 he was the volunteer ERB Chairman. During his tenure as Chairman, Plaintiff devoted thousands of uncompensated hours to remedying the Fund's multibillion dollar unfunded pension liability, which existed at the time Plaintiff became Chairman and which threatened the Fund's long term solvency.

Under Plaintiff's leadership, the Fund's performance improved dramatically, resulting in billions of additional dollars for educators' retirement benefits. However, unbeknownst to

Plaintiff – despite these remarkable financial gains – the Defendants had corrupted the Fund's investment process for their own selfish interests.

The Defendants' criminal misconduct in New Mexico ("Defendants' scheme") began in 2003 at the New Mexico State Investment Council ("SIC"), which is responsible for the administration and investment of two permanent investment funds maintained for the benefit of the citizens of New Mexico. The SIC's combined portfolio has a present value of approximately $ 15,000,000,000 ($ 15 Billion). Once the Defendants' got their collective foot in New Mexico's door at the SIC, Defendants expanded their scheme to the ERB beginning in 2006. Defendants deceived and misled Plaintiff, the ERB's full-time professional staff, and other loyal public servants by concealing Defendants' ongoing fraudulent misconduct, while falsely claiming to provide loyal and independent financial services to the ERB. Defendants' concealment was an integral and necessary part of their scheme, because their fraudulent criminal misconduct only could operate in secret. If the truth had been disclosed to Plaintiff, the ERB staff, law enforcement, or any other loyal State official, the scheme would have been brought to a screeching halt and the integrity of the Fund would have been preserved.

When Defendants' criminal misconduct ultimately was exposed, Plaintiff was damaged severely by the resulting community reaction, despite the fact that Plaintiff was one of the intended victims of Defendants' scheme. Notwithstanding Plaintiff's loyal service and the extraordinary success of his leadership of the ERB, Plaintiff's position as Chairman and his relationship to various Defendants left the false but severely damaging impression that Plaintiff was complicit in Defendants' scheme. Accordingly, by intentionally duping Plaintiff and violating his trust for the purpose of concealing and furthering their crimes, Defendants caused Plaintiff to lose the nationally-recognized accounting firm he spent nearly three decades

building, as well as his job as the firm's managing partner. In addition, as described below, Defendants caused Plaintiff to suffer grievous damage to his professional reputation and goodwill, opportunities, earning capacity, personal reputation, standing in the community, and overall wellbeing.

THE PARTIES

1. Plaintiff Bruce Malott is a resident of Bernalillo County, New Mexico. Plaintiff is a Certified Public Accountant (CPA) and a Certified Valuation Analyst (CVA), and he is certified in Financial Forensics (CFF). Before Defendants ruined Plaintiff's reputation and standing in the community, he was the managing principal of a preeminent New Mexico accounting firm, and the Chairman of the ERB. In addition, at various times Plaintiff had served as the Chairman of the New Mexico State Board of Accountancy, and as a member of a variety of prestigious committees and boards.

2. Plaintiff also took a deep interest in Government, and Plaintiff's longtime involvement in the democratic process was a source of great personal satisfaction to him. Plaintiff was associated with the political campaigns of, among others, a United States President, Governors, Federal and State legislators, and members of the State Judiciary, and he served as Treasurer for the political campaigns of a number of high-ranking governmental officials.

3. Defendant Anthony Correra ("Defendant Correra, Sr.") is a resident of Bernalillo County, New Mexico. At all times material to this Complaint, Defendant Correra, Sr., had a close and highly conspicuous relationship with then New Mexico Governor Bill Richardson. Defendant Correra, Sr., also was as an expert in economic analysis and investments. Defendant Correra, Sr., served as a personal financial adviser to Governor Richardson, as well as an informal adviser to the Governor on official State economic, financial and investment matters.

Ironically, before Defendants' scheme was exposed, Defendant Correra, Sr., often was known to say publicly: "I am the only real friend the Governor has, because I do not make any money off the State."

4. Defendant Marc Correra ("Defendant Correra, Jr.") was, at all times material to this Complaint, a resident of Santa Fe County, New Mexico. Defendant Correra, Jr., is the son of Defendant Correra, Sr., and he was the primary recipient of the payoffs generated by Defendants' scheme.

5. Upon information and belief, Defendant Correra, Jr., currently can be found in Paris, France. In a 2010 Texas divorce proceeding, Defendant Correra, Jr.'s estranged wife swore that Defendant Correra, Jr., had admitted to leaving the United States "temporarily until things died down," because he was "facing substantial financial and legal problems." Defendant Correra, Jr.'s flight from the United States is disregarded for domicile purposes. Accordingly, for the purposes of this lawsuit Defendant Correra, Jr., retains his Santa Fe County residency, which was his last domicile before he fled the jurisdiction.

6. Defendant Gary Bland is a resident of Santa Fe County, New Mexico. Defendant Bland was hired as the New Mexico State Investment Officer ("SIO") and the Chair of the State Investment Council ("SIC") on or about January 14, 2003, after a long private-sector career in which he managed an approximately $ 50 billion pension fund.

7. Defendant Correra, Sr., was instrumental in Defendant Bland's hiring as SIO. Defendant Bland's resume was transmitted to Governor Richardson's office from the Correra Defendants' facsimile number, and Defendant Correra, Sr. – as a member of the SIO selection committee – successfully championed Defendant Bland's hiring to Governor Richardson.

8. Shortly after Defendant Bland became SIO, he provided Defendant Correra, Sr., with office space at the New Mexico State Investment Office building, where Defendant Correra, Sr., received mail and was provided with a state-issued telephone number.

9. Defendant Bland was appointed as an ERB trustee in or about August 2005. In addition, completely apart from that appointment, the ERB's governing statute explicitly authorizes the ERB to make investment decisions based on the recommendations of Defendant Bland, in his capacity as the SIO.

10. During Defendant Bland's terms with the SIC and the ERB, he was a fiduciary to both funds. Accordingly, Defendant Bland legally was bound by the highest duty of loyalty to these funds, and was required to act solely and exclusively in the best interests of the funds.

11. On January 21, 2003, Defendant Bland executed an oath stating, among other things: "I Gary B. Bland, do solemnly swear that I will . . . faithfully and impartially discharge the duties of the office of State Investment Officer on which I am about to enter to the best of my ability, SO HELP ME GOD."

12. On August 31, 2005, Defendant Bland executed an oath stating, among other things: "I Gary B. Bland, do solemnly swear that I will . . . faithfully and impartially discharge the duties of the office of Educational Retirement Board on which I am about to enter to the best of my ability, SO HELP ME GOD."

13. Defendant Bland falsely executed these oaths of office, knowingly and with the intent to deceive, because he intended all along to serve his own selfish interests and the selfish interests of his co-Defendants, including the Correra Defendants. Defendant Bland knowingly, intentionally, and fraudulently steered New Mexico fund assets to investment management firms for the purpose of generating payoffs to Defendant Correra, Jr. Defendant Bland went so far as

to direct investment management firms already in contact with the SIC to Defendant Correra, Jr., for "marketing help," and to suggest to those firms that hiring Correra, Jr., would increase their chances of success in obtaining New Mexico investments.

14. Once Defendant Bland's duplicity was exposed, as described below, he resigned as the SIO on or about October 21, 2009, and as a Trustee of the ERB the following day.

15. Defendant Saul Meyer is a resident of the State of Texas. Defendant Meyer is an attorney, and he was an investment advisor with Defendant Aldus Equity Partners, L.P., a/k/a Renaissance Private Equity Partners, L.P. ("Aldus Partners"). Defendant Aldus Partners served as the "private equity" investment advisor to the SIC beginning in or about late 2003, which means that Defendant Aldus Partners was responsible for recommending private equity funds to the SIC. Aldus Partners began to serve as the private equity investment advisor for the ERB from on or about October 13, 2006.

16. "Private equity" refers to investments that are not publicly traded on stock exchanges, and typically (a) require a minimum of multimillion dollar investments, (b) have the potential for higher investment returns, (c) carry higher risk of losses, and (d) are more complex and difficult to evaluate. Large institutional investors like the SIC and ERB are typical of the types of investors in private equity funds.

17. Defendants Meyer and Aldus Partners were part of the nationwide web of corruption that already had resulted in huge payoffs in New York and elsewhere. Defendant Correra, Sr., was instrumental in bringing Defendants Meyer and Aldus Partners here, for the purpose of extending their criminal activity into New Mexico.

18. At all times material to this Complaint, Defendant Meyer was a fiduciary to both the SIC and the ERB. Like Defendant Bland and all other fiduciaries identified in this

Complaint, Defendant Meyer legally was bound by the highest duty of loyalty to act solely and exclusively in the best interests of the funds. And like Defendant Bland, Defendant Meyer violated his fiduciary duties by acting in his own selfish interests and the selfish interests of his co-Defendants, including the Correra Defendants.

19. The SIC fired Defendants Aldus Partners and Meyer on or about April 30, 2009, following the initial public disclosures of their criminal misconduct in New York. The ERB fired those Defendants shortly thereafter.

20. Defendant Aldus Partners, referenced above, is a Texas limited partnership. At all times material to this Complaint Defendant Aldus Partners was a fiduciary to the SIC and the ERB, and it violated its fiduciary duties to both funds.

21. Defendant Aldus Management Co., LLC ("Aldus GP"), is a Texas limited liability company. Defendant Aldus GP is the General Partner of Defendant Aldus Partners, and therefore is jointly responsible for its financial obligations.

22. Defendants Aldus Equity LLC ("Aldus Equity") and Aldus Capital LLC ("Aldus Capital") are limited liability companies organized in the State of Texas. Upon information and belief, Defendants Aldus Equity and Aldus Capital both have the same management and ownership as Defendant Aldus Management and operate as its alter egos. Accordingly, Defendants Aldus Equity and Aldus Capital both are jointly responsible for the financial obligations of Defendants Aldus Partners and Aldus GP.

23. Defendant GSS Holdings (NMERB), Inc. ("Aldus-GSS"), is a Delaware corporation. Defendant Aldus-GSS is an Aldus affiliate specially created to be the General Partner of a limited partnership in which the ERB was a limited partner, and at all times material to this Complaint was a fiduciary to the ERB.

24. Defendants Erasmus Capital Management, L.P. ("Aldus-Erasmus L.P."), is a Delaware limited partnership. Defendant Aldus-Erasmus L.P. is an Aldus affiliate, was a Special Limited Partner of a limited partnership in which the ERB was a limited partner, and at all times material to this Complaint was a fiduciary to the ERB.

25. Erasmus Capital GP, LLC ("Aldus-Erasmus GP") is a Delaware limited liability company. Defendant Aldus-Erasmus GP is the General Partner of Defendant Aldus-Erasmus L.P, and therefore is jointly responsible for its financial obligations.

26. Defendants Aldus-GSS, Aldus-Erasmus L.P., and Aldus-Erasmus GP were created by one or more of the above-named Aldus entities, and they were instruments of those Aldus entities in Defendants' scheme.

27. Defendants Aldus Partners, Aldus GP, Aldus Equity, Aldus Capital, Aldus-GSS, Aldus-Erasmus L.P., and Aldus-Erasmus GP hereinafter are referred to collectively as "Aldus."

28. Defendant Matthew O'Reilly is a resident of the State of Texas. Defendant O'Reilly is a founding member of Defendant Aldus Partners, and at all times material to this Complaint he was a fiduciary to both the SIC and the ERB.

29. Defendant Marcellus Taylor is a resident of the State of Illinois. Defendant Taylor was a Senior Managing Director of Defendant Aldus Partners, and at all times material to this Complaint he was a fiduciary to both the SIC and the ERB.

30. Defendant Richard Ellman is a resident of the State of Texas. Defendant Ellman played a lead role for Aldus regarding the ERB, he is an attorney, and at all times material to this Complaint he was a fiduciary to both the SIC and the ERB.

31. Defendants Aldus Partners, Aldus GP, Aldus Equity, Aldus Capital, Aldus-GSS, Aldus-Erasmus L.P., Aldus-Erasmus GP, Meyer, O'Reilly, Taylor, and Ellman at times hereinafter are referred to collectively as "the Aldus Defendants."

32. Defendant Deutsche Bank A.G. is an investment bank headquartered in Frankfurt, Germany. In or about January 2007, Deutsche Bank A.G. acquired indirect ownership of a controlling interest in Defendant Aldus Partners and assumed ultimate responsibility for the conduct of its business, including Defendant Aldus Partners' obligation to comply with the law.

33. Defendant Deutsche Bank Americas Holding Corp., d/b/a REEF Private Equity, a unit of REEF Alternative Investments, a management business of Deutsch Bank's Asset Management Division ("Deutsche Bank Americas"), is a Deutsche Bank A.G. subsidiary that acquired the controlling interest in Defendant Aldus Partners.

34. Defendant DBAH Capital, LLC ("Deutsche Bank DBAH"), is a limited liability company owned by Deutsche Bank Americas. Defendant Deutsche Bank Americas acquired its interest in Defendant Aldus Partners through Defendant Deutsche Bank DBAH. Defendants Deutsche Bank A.G., Deutsche Bank Americas, and Deutsche Bank DBAH, hereinafter are referred to collectively as "Deutsche Bank."

35. Defendant The Topiary Trust c/o Caledonian Bank and Trust Limited ("Deutsche Bank-Topiary Trust"), is a Cayman Islands Trust incorporated under the laws of the Cayman Islands. Defendant Deutsche Bank-Topiary Trust is hedge fund of funds, and at all times material to this Complaint was a fiduciary to the ERB.

36. Defendant DB Investment Managers, Inc. ("Deutsche Bank-DB"), is a subsidiary of Deutsche Bank. Defendant Deutsche Bank-DB is the investment adviser for Defendant

Deutsche Bank-Topiary Trust, was responsible for obtaining investors for that Defendant, and at all times material to this Complaint was a fiduciary to the ERB.

37. Defendants Brian Rice and John Stimson are residents of the State of New York. At all times material to this Complaint, Defendants Rice and Stimson were employees of Deutsche Bank working in DB Absolute Return Strategies, which is a business unit and/or trade name and/or affiliate of Defendant Deutsche Bank, and fiduciaries to the ERB.

38. Defendants Deutsche Bank John Does 1 through 10 are related Deutsche Bank entities and present and former employees of Defendant Deutsche Bank and/or related entities. Plaintiff may move to amend this Complaint to identify these additional parties at a later time.

39. Defendants Deutsche Bank A.G., Deutsche Bank Americas, Deutsche Bank DBAH, Deutsche Bank-Topiary Trust, Deutsche Bank-DB, Rice, Stimson, and the Deutsche Bank John Does 1 through 10 at times hereinafter are referred to collectively as "the Deutsche Bank Defendants."

40. Defendant Vanderbilt Financial Trust ("Vanderbilt Trust") is a Delaware trust. Defendant Vanderbilt Trust's ownership apparently permitted it to be administratively dissolved in 2006, but nonetheless Defendant Vanderbilt Trust and its successors in interest remain responsible for the misconduct described in this complaint.

41. Defendant Vanderbilt Financial, LLC ("Vanderbilt Financial"), is a Delaware limited liability company, which was formed as a holding company to own all or a majority of the equity interests in the Defendant Vanderbilt Trust.

42. Defendant Vanderbilt Capital Advisors, LLC ("Vanderbilt Capital"), is a Delaware limited liability company. Defendant Vanderbilt Capital manages and owns

substantially all of the common membership interests of Defendant Vanderbilt Financial through Defendant Vanderbilt Trust.

43. Defendant Vanderbilt Capital apparently dissolved Defendant Vanderbilt Financial after the time period relevant to this Complaint, and Defendant Vanderbilt Capital continues to operate Defendant Vanderbilt Financial's business. Vanderbilt Financial and its successors in interest remain responsible for the misconduct described in this Complaint.

44. Defendant Pioneer Investment Management U.S.A., Inc. ("Vanderbilt-Pioneer") is a Delaware corporation. Defendant Vanderbilt-Pioneer is the corporate parent of Defendant Vanderbilt Capital and Defendant Vanderbilt Financial, and it directed and controlled the actions of those subsidiaries.

45. Defendants Vanderbilt Trust, Vanderbilt Financial, Vanderbilt Capital, and Vanderbilt-Pioneer hereinafter are referred to collectively in this Complaint as "Vanderbilt." At all times material to this Complaint, these Defendants were fiduciaries to the ERB and the SIC.

46. Defendant Patrick A. Livney is a resident of the State of Illinois. Defendant Livney was the Chief Executive Officer of Defendant Vanderbilt Financial, and a director of Defendant Vanderbilt Capital. He also was a Senior Managing Partner of the Structured Finance Group of Defendant Vanderbilt Capital. At all times material to this Complaint, Defendant Livney was a fiduciary to the ERB.

47. Defendant Kurt Wilhelm Florian, Jr., is a resident of State of Illinois, and he is an attorney. Defendant Florian was the Chief Operating Officer and Counsel of Defendant Vanderbilt Financial, and the Chief Operating Officer and Counsel of the Structured Financial Group of Defendant Vanderbilt Capital. At all times material to this Complaint, Defendant Florian was a fiduciary to the ERB.

48. Defendants Vanderbilt Trust, Vanderbilt Financial, Vanderbilt Capital, Vanderbilt-Pioneer, Livney and Florian at times hereinafter are referred to collectively as "the Vanderbilt Defendants."

49. Defendant Martin Cabrera is a resident of the State of Illinois, and the President of Defendant Cabrera Capital Markets, Inc. ("Cabrera Capital"). Defendant Cabrera indirectly controls Defendant Cabrera Capital, and he directs the management and policies of that firm.

50. Defendant Cabrera Capital is an Illinois corporation that was a front for unlawful payoffs to Defendant Correra, Jr.

51. Defendant Ajax Investments, LLC ("Ajax Investments"), is an Illinois limited liability company that was a front for unlawful payoffs to Defendant Correra, Jr.

52. Defendant Ajax Advisors, LLC ("Ajax Advisors"), is an Illinois limited liability company and an affiliate of Ajax Investments, which was complicit in unlawful payoffs to Defendant Correra, Jr.

53. Defendant Arlene Rae Busch is a managing director, principal and chief compliance officer of Defendant Ajax Investments. Defendant Busch also controls Defendant Ajax Advisors, and she controls Defendant Ajax Investments both by her direct ownership and by her indirect ownership through her controlling interest in Defendant Ajax Advisors.

54. Defendant DAV/Wetherly Financial, L.P. ("DAV/Wetherly"), is a California limited partnership that was a front for unlawful payoffs to Defendant Correra, Jr.

55. Defendant Wetherly Management, LLC ("Wetherly GP"), is California limited liability company. Defendant Wetherly GP is the General Partner of Defendant DAV/Wetherly, and therefore is jointly responsible for its financial obligations.

56. Defendant Daniel Weinstein is a resident of the State of California. At all times material to this Complaint, Defendant Weinstein directed the management and policies of Defendant DAV/Wetherly, which he controlled through other entities including Wetherly GP.

57. Defendant Vicky Lee Schiff is a resident of the State of California, and she is the Managing Director and CEO of Defendant DAV/Wetherly. At all times material to this Complaint, Defendant Schiff directed the management and policies of Defendant DAV/Wetherly.

58. Defendant Julio Ramirez is a resident of the State of California. Defendant Ramirez has pled guilty to securities fraud in New York resulting from his involvement in the nationwide web of corruption, of which the New Mexico scheme described herein was a part. Defendant Ramirez acted as a front for unlawful payments to Defendant Correra, Jr. At times material to this Complaint, Defendant Ramirez was an employee of Defendant DAV/Wetherly.

59. At all times material to this Complaint, Defendant SDN Advisers, LLC ("SDN Advisers"), was a Florida limited liability company controlled by Defendant Correra, Jr., which was a front for unlawful payoffs to him. The State of Florida administratively dissolved SDN Advisers on or about September 26, 2008. Defendant Correra, Jr., is the successor in interest to Defendant SDN Advisers and therefore is personally responsible for its financial obligations.

60. Defendants L2 Capital Management, LLC ("L2 Capital"), and L2 Investment Advisers, LLC ("L2 Investment"), are Delaware limited liability companies controlled by Defendant Correra, Jr., which were fronts for unlawful payoffs to him.

61. Defendant L2 Asset Management, LLC ("L2 Asset"), is a New Mexico Domestic Limited Liability Company controlled by Defendant Correra, Jr., which was a front for unlawful payoffs to him.

62. Defendants John Does 1 through 50 are additional persons and entities who participated in the scheme described in this Complaint. Plaintiff may move to amend this Complaint to identify these additional parties at a later time.

VENUE AND JURISDICTION

63. Venue is proper in this District pursuant to NMSA 1978, Section 38-3-1(A).

64. All of the Defendants have submitted themselves to the jurisdiction of this Court, because (a) the causes of action alleged herein arise out of the Defendants' commission of jurisdictional acts pursuant to NMSA 1978, Section 38-1-16, and (b) Defendants' conduct establishes the Constitutionally-required minimum contacts.

FACTS

The ERB Was In A Funding Crisis When Plaintiff Was Elected Chairman.

65. The Educational Retirement Fund ("Fund") is a defined benefit pension plan, which means that beneficiaries of the Fund are legally entitled to pension benefits in the specific amounts and at the specific times defined in the Educational Retirement Act ("Act").

66. The ERB, by its board of trustees, is responsible for ensuring that the Fund is financially sound, so that it can fulfill its responsibility to retired educators. In order to do so, the Fund must have sufficient assets to pay current and future pension benefits in the amounts and at the times defined in the Act, in perpetuity.

67. Evaluating the financial soundness of defined benefit pension plans such as the Educational Retirement Fund requires extensive financial analysis of the plan's assets, pension obligations and other costs, as well as projections regarding the plan's expected future contributions, investment returns and obligations over many generations. Since future events are uncertain – such as investment returns, life expectancy, salary increases, retirement patterns, etc.

– this analysis necessarily is based in part on statistics and projections. The services of highly-specialized financial professionals known as actuaries are required to perform the complex calculations required to conduct this analysis, in conformity with generally recognized professional principles and standards applicable to all defined benefit plans throughout the United States.

68. In order to ensure that defined benefit plans can meet their obligations to future generations, they must have a "Funding Period" that complies with Governmental Accounting Standards Board ("GASB") Statement No. 25. The "Funding Period" is the number of years the actuaries calculate will be required for the plan's assets to grow – by contributions and investment returns – to an amount equal to the value of the beneficiaries' earned benefits.

69. The ERB's goal is to maintain a Funding Period of no longer than 25 years, which would be in compliance with the 2004 GASB 25 requirement (40 years) and the current GASB 25 requirement (30 years).

70. As of June 2004, however, the ERB's actuaries concluded that the plan's Funding Period was "infinite." In other words, the Fund was not in compliance with ERB policy or GASB 25, and absent fundamental changes it never would be fully funded. While the Fund would have had the assets necessary to meet its obligations for at least a generation, it would not have remained solvent in perpetuity. In other words, unless the ERB's funding shortfall were fixed, the Fund would run out of money to pay benefits to the young educators now contributing to the Fund when it came their turn to retire.

71. This dire actuarial report was the consequence of a dramatic change in the financial condition of the Fund since 2001. The Funding Period reported by the ERB's actuaries as of June 2001 was 12.5 years, which more than complied with ERB policy and GASB 25. But

the Fund's net assets dropped by more than $ 1,700,000,000 ($ 1.7 Billion) over the next two years. Accordingly, on the way to the Funding Period reaching its dismal "infinite" status in 2004, the Funding Period deteriorated annually, from its beginning level in 2001 of 12.5 years, to 27.2 years in 2002, and to 78 years in 2003.

72. By the spring of 2004, it was apparent to Plaintiff, the ERB's actuaries, and the New Mexico Legislature that – absent the ERB implementing major changes – the Fund was on a path to insolvency. Accordingly, the Legislature urged the ERB to hire expert pension fund consultants to identify the causes of the crisis and to recommend the changes necessary to return the Fund to a financially sound course.

73. In June 2004, the ERB hired Mellon's Human Resources & Investor Solutions ("Mellon") to find a solution to the ERB's funding crisis. In July 2004, Plaintiff publicly disclosed both the crisis and the steps the ERB was taking to devise a corrective plan, and that disclosure was reported in the media.

74. By sharing this information with the people the ERB serves, Plaintiff incurred the wrath of longtime ERB leaders who preferred to keep their failures and the Fund's financial crisis out of the public eye. For example, the then Vice Chair of the ERB – who was a key member of the leadership that presided over the Fund's $ 1,700,000,000 in losses – was furious about Plaintiff's decision to go public. She angrily told Plaintiff that, by exposing the ERB's problems to scrutiny, he had "publicly abused board members" and "created a divide on the board that can't be repaired." The then Vice Chair bitterly insisted that Plaintiff should have kept the discussion "private," rather than "running his mouth off" and "air[ing] all the dirty laundry in public." Moreover, she admonished Plaintiff that, in the future, he should "keep [his] mouth shut."

75. But Plaintiff did not keep his mouth shut. To the contrary, Plaintiff continued to share information openly about ERB business with the Fund's beneficiaries, government officials, and the taxpayers who ultimately are responsible for the Fund's solvency. Plaintiff considered it his duty to respect the declared public policy of New Mexico that "all persons are entitled to the greatest possible information regarding the affairs of government and the official acts of public officers," and he firmly believed that transparency in the ERB's operations was essential to its mission. Accordingly, although Plaintiff apologized to the then Vice Chair for causing hurt feelings, he remained convinced that ERB's work was public business that should not be conducted in secret. Accordingly, Plaintiff insisted on the full and prompt disclosure of information, in order to encourage public debate about possible solutions to the crisis.

76. In spite of the negative reactions by the then Vice Chair and others to Plaintiff's open disclosure of ERB information to the public, in August 2004 Plaintiff was elected unanimously to serve as ERB Chairman and to lead the ERB's efforts to reform the Fund.

Plaintiff Led The ERB In Devising A Solution To Its Funding Crisis.

77. Upon being elected ERB Chairman, Plaintiff immediately devoted himself to solving the funding crisis. Plaintiff typically devoted, without compensation, 15 or more hours of his professional time per week to the ERB.

78. Plaintiff became integrally involved in the nuts and bolts of the ERB's operations, in order to further the Fund's interests in countless ways. For example, Plaintiff assumed an active role in, among other things:

(a) Resolving constituent complaints;

(b) Working with the University of New Mexico, as it considered changing its retirement benefit policies and its affiliation with the ERB for UNM Foundation employees;

(c) Contributing his expertise to the ERB's application of its formulas for the calculation of member benefits;

(d) Advocating technical legislative fixes to ensure that the Act permitted the ERB to comply with tax and other legal pension fund requirements;

(e) Participating in hiring decisions, to increase the professionalism and expertise of the ERB's staff;

(f) Ensuring that salary ranges for staff were within an appropriate and competitive range, in order to attract and retain qualified staff;

(g) Resolving discrepancies in the beneficiary salary information required to calculate benefits;

(h) Working closely with ERB staff to define audits of financial, policy and control issues;

(i) Spearheading the creation of an audit committee, as well as successfully lobbying the Legislature for the funding to employ an internal auditor; and

(j) Directing the ERB's General Counsel and staff, to the extent reasonably possible, to promote New Mexico's policy of openness in Government by fully and promptly disclosing information about ERB business and official acts of ERB officers and employees, at the request of ERB beneficiaries, the press, and the public at large.

79. Most importantly, Plaintiff also assumed a hands-on role in the ERB's efforts to solve the financial crisis it faced when he was elected Chairman.

80. Mellon completed its Funding Study and recommendations ("Report") to the ERB on September 13, 2004, and presented its Report to the ERB at a public meeting on October 29, 2004. In order to solve the funding shortfall, Mellon recommended both an increase in payroll contributions to the Fund and a change in the types of investments made by the Fund.

81. Both of Mellon's recommended changes required Legislative action. Plaintiff led the ERB's efforts to seek the necessary Legislation.

82. The ERB's efforts were successful. The 2005 New Mexico Legislature passed a bill providing for additional recurring annual State and employee payroll contributions to the

Fund of more than $ 110,000,000 per year. The bill also provided for the changes in the ERB's investment authority recommended in the Mellon Report.

83. Plaintiff personally lobbied for the support of the Governor's Office. Again Plaintiff's efforts were successful, and the Governor signed the ERB's bill into law.

84. Under prior New Mexico law, the ERB's investment authority was limited to a statutorily defined list that included stocks, bonds, treasury inflation protected securities, and real estate investment trusts. Mellon concluded that the statutory list (a) did not permit the ERB adequate flexibility, (b) restricted sound diversification, (c) potentially increased portfolio risk, and (d) hindered the opportunity for higher investment return. Under the new Legislation, the ERB received the authority to invest in accordance with the Prudent Investor Rule, which is the investment model followed by the majority of large public pension funds nationwide.

85. Under the Prudent Investor Rule, the ERB was authorized to acquire "alternative investments" such as private equity funds, hedge funds and direct real estate investments.

86. Investing in the newly permitted alternative asset classes required specialized skill and analysis. In order to implement the new Legislation, as Mellon recommended, it was necessary for the ERB to employ various investment managers and consultants with the required expertise. Therefore, as the Mellon Report recognized, the ERB would incur additional fees and expenses to comply with the amended Act.

87. In addition, some individual alternative investments would carry more risk than traditional investments such as stocks and bonds, when viewed in isolation. But, as Mellon explained, the investments should be judged "not in isolation but in the context of the trust portfolio as a part of an overall investment strategy." In other words, the Fund's performance should be judged by its success as a whole, totaling all gains, losses, fees and expenses. The

Prudent Investor Rule recognizes that a strategically invested multibillion dollar fund will have both winning investments and losing investments, but the overall investment returns are highly likely to exceed the low investment returns that could be expected from a portfolio of completely risk-free investments.

88. Plaintiff led the ERB's implementation of the amended Act, which required reallocating the Fund's investment portfolio to include the new, alternative asset classes. Doing so required a lengthy process that included, among other things, (a) issuing requests for proposals, (b) selecting the necessary financial professionals to analyze potential investments, (c) obtaining specific recommendations from those professionals, (d) deciding whether to adopt the recommendations, and (e) negotiating the investment contracts.

89. Plaintiffs' leadership resulted in a dramatic improvement both in the Fund's investment performance and in its financial soundness. For example, among other things:

(a) In the 5 years before Plaintiffs' Chairmanship, the Fund's investment performance ranked in the bottom 25% of all large public funds nationwide.

(b) When Plaintiff was elected Chairman, the Fund had a portfolio value of approximately $ 6,900,000,000 ($ 6.9 Billion), which followed a period of catastrophic losses.

(c) As of September 2010, when Plaintiff resigned as ERB Chairman, the Fund's investment performance ranked in the top 3% of all large public funds nationwide. That is, the Fund's performance improved from a ranking below 75% of comparable funds to a ranking higher than 96% of all such funds.

(d) At the conclusion of Plaintiff's Chairmanship, the Fund had a portfolio value of approximately $ 8,800,000,000 ($ 8.8 Billion), which was an increase in asset value of nearly $ 2,000,000,000 ($ 2 Billion). That amounts to approximately $ 20,000 for each ERB member, including all current and future retirees. In addition, during the last three years of Plaintiff's Chairmanship, the funding period fluctuated between 45 years and 62 years. While those funding periods failed to comply with the ERB's goals or GASB 25, they were a significant improvement for the

Fund, which previously had an infinite funding period (meaning, absent reform, the Fund never would have reached full funding). This positive step in the financial soundness of the Fund reflected the dramatic improvement in investment performance.

(e) The Fund's achievements are even more remarkable than the numbers alone demonstrate, given both the significant startup time required to reallocate the Fund's investment portfolio and the fact that they occurred in a time period in which investment performance suffered from an economic downturn more severe than any since the Great Depression.

(f) In addition, the reforms to the Fund implemented during Plaintiff's Chairmanship continued to result in outstanding investment performance after Plaintiff's departure, particularly given the continuing poor domestic and international economic conditions. As of June 30, 2011, the Fund's portfolio value climbed to approximately $ 9,500,000,000 ($ 9.5 Billion), which was an increase in asset value of approximately $ 2,700,000,000 ($ 2.7 Billion) since the beginning of Plaintiff's Chairmanship. This was a substantial feat considering it took place during a time period in which most people's retirement accounts were hard hit by the economy. This increase in value amounts to approximately $ 28,000 for each ERB member, including all current and future retirees.

The Defendants Schemed To Corrupt The Investment Process.

90. But implementation of the Mellon recommendation of investing in alternative asset classes also subjected the Fund to a greater risk of fraud by unscrupulous investment professionals and others.

91. Despite the success of the ERB's reform efforts – unbeknownst to Plaintiff, ERB members (other than Defendant Bland), and the ERB staff – the Fund was victimized by fraud. Defendants took advantage of the ERB's reallocation of assets to corrupt the investment process for their own selfish interests, in order to generate illegal payoffs. While the Defendants' misconduct did not prevent the Fund from achieving the outstanding investment performance described above, their misconduct did betray the trust of ERB members and undermine their confidence in the integrity and security of their pension fund. Defendants also knowingly,

intentionally, and fraudulently betrayed Plaintiff and violated his trust, causing the injuries to Plaintiff described in this Complaint.

92. The illegal payoffs were made under the guise of "third-party marketing" fees, also known as "placement" fees. Genuine "third-party marketing" agents, also known as "placement" agents, can earn legitimate fees by providing services involving (a) marketing research and strategy, (b) market positioning, (c) fund raising, (d) preparation of marketing materials, (e) client services, (f) project management, and (g) logistical support. But, as discussed below, neither Defendant Correra, Jr., nor his "fronts" performed legitimate services for the approximately $ 22,000,000 ($ 22 Million) in supposed "fees" they received.

Defendants Correa, Sr., Correra, Jr., Bland and Meyer Extended The Nationwide Corruption to New Mexico.

93. Defendant Correra, Sr., is the consummate con artist, and he played that role to perfection throughout the course of Defendants' scheme. He callously employed his shrewdness, charisma, charm, and wealth to ingratiate himself to his victims, so that he could deceive and manipulate them for his own selfish purposes. Defendant Correra, Sr., did so in the most convincing manner, without a hint of hesitation, guilt, conscience or remorse.

94. Defendant Correra, Sr., first targeted former Governor Bill Richardson, by volunteering to work on the then candidate's 2002 campaign, and rising through the ranks of the campaign volunteers. As discussed above, Defendant Correra, Sr., ultimately developed a close and well-known relationship with the Governor, and Defendant Correra, Sr., played on that relationship to hold himself out as having the power to influence State decisions.

95. In 2004, the Governor's Chief of Staff David Contarino introduced Defendant Correra, Sr., to Plaintiff. Mr. Contarino described Defendant Correra, Sr., to Plaintiff as a close friend and financial advisor to the Governor, who was conducting an analysis of New Mexico

Funds at the Governor's request. Defendant Correra, Sr., requested this introduction to begin targeting Plaintiff as one of his victims.

96. Thereafter, Defendant Correra, Sr., falsely represented himself to Plaintiff as a friend and financial expert offering independent investment advice solely for the benefit of the ERB. In fact, however, Defendant Correra, Sr., was serving his own, selfish, undisclosed interests by recommending Defendants Bland and Meyer to Plaintiff, and by touting investments that were part of Defendants' scheme to generate millions in unlawful payoffs.

97. In targeting Plaintiff, Defendant Correra, Sr., used his close and influential relationship with the Governor, as well as with other prominent New Mexicans who were among Plaintiff's friends, colleagues, clients, and acquaintances.

98. Defendant Correra, Sr., also played on a variety of other facts and circumstances to enhance his credibility with Plaintiff, including but not limited to (a) Defendant Correra, Sr.'s former position with a respected Wall Street brokerage firm, (b) the fact that he authored a widely-circulated and respected investment newsletter during his Wall Street career, (c) his prior ownership of a seat on the New York Stock Exchange, (d) the Governor's reliance on and praise for the periodic economic reports Defendant Correra, Sr., prepared for the Governor, and (e) Defendant Correra, Sr.'s involvement in official New Mexico State economic business, including (among other things) his participation in a 2007 meeting in New York City between the Governor and Standard & Poor's concerning the State's bond rating.

99. In addition, Defendant Correra, Sr. – who is a generation older than Plaintiff – seized on the terminal illness of Plaintiff's father, which began in late December 2005, as an opportunity to insert himself deeply in Plaintiff's personal life. Defendant Correra, Sr., ingratiated himself to Plaintiff by feigning genuine concern for Plaintiff during his father's last

illness, as well as for Plaintiff's mother, fiancée, and children, and he portrayed himself as a source of comfort and support. Following the death of Plaintiff's father on April 17, 2006, Defendant Correra, Sr. not only attended the funeral, but he also visited with grieving family and friends at the home of Plaintiff's mother multiple days during the mourning period.

100. Defendant Correra, Sr., continued thereafter falsely to portray himself as a dear personal friend of Plaintiff and Plaintiff's family. For example, Defendant Correra, Sr., pretended to be genuinely concerned for one of Plaintiff's children, when she suffered from a gravely serious health problem shortly after the death of Plaintiff's father. Defendant Correra, Sr., made repeated hospital visits to Plaintiff's daughter, he expressed his daily concern to Plaintiff, and he made suggestions about possible treatment options. Defendant Correra, Sr., even went so far as to befriend Plaintiff's mother after her husband's death, by visiting with her, and personally delivering holiday cakes to her door. All the while, Defendant Correra, Sr., presented himself as a highly accomplished and wealthy senior who had retired to New Mexico and was seeking nothing but friendship, political excitement, and intellectual stimulation.

101. In order to further Defendants' scheme, Defendant Correra, Sr., pretended that he had great affection for Plaintiff and his family, and that Plaintiff was one of a handful of his closest friends. In August 2008, Defendant Correra, Sr., and his wife were among the fewer than sixty guests who attended Plaintiff's wedding.

102. But in truth of fact, Defendant Correra, Sr., was not Plaintiff's friend. To the contrary, Defendant Correra, Sr., deceived and manipulated Plaintiff to further Defendant Correra, Sr.'s own greedy interests. Defendant Correra, Sr., used Plaintiff with cold and callous disregard for the wellbeing of Plaintiff and his family, knowing full well he was jeopardizing everything Plaintiff had spent his entire adult life building for himself and his family. And as

soon as Defendant Correra, Sr.'s duplicity was exposed in May 2009, he abruptly disappeared without so much as a word of explanation and never communicated with Plaintiff again.

103. Defendant Correra, Sr., introduced Defendant Correra, Jr., to Plaintiff in or about June 2005 on the false pretenses that the introduction was strictly social, and that Correra, Jr., was a hedge fund manager who lived in Santa Fe. In truth, however, Defendant Correra, Jr., was not a hedge fund manager and the introduction was not social. Rather, the introduction was an integral part of the Defendants' scheme. The Correra Defendants intentionally kept Plaintiff in the dark about the true facts; namely, that Defendant Correra, Jr., corruptly was playing on his father's relationships and influences to garner multimillion dollar unlawful payoffs in connection with public investments.

104. Defendant Correra, Jr., in concert with Defendant Correra, Sr., and others, succeeded in convincing financial services firms selling billions of dollars of investment opportunities that – if they wanted to do business with New Mexico public investment funds – they had no choice but to pay Defendant Correra, Jr. As a result, Defendant Correra, Jr., succeeded in extracting the $ 22,000,000 ($ 22 Million) in unlawful and undisclosed payoffs, some portion of which he shared with various other Defendants including Defendant Meyer.

105. Defendant Correra, Jr., knowingly, intentionally, and fraudulently deceived Plaintiff in each and every one of their interactions, by misrepresenting himself and concealing the Defendants' scheme. Defendant Correra, Jr., did so knowing full well that he was jeopardizing everything Plaintiff had spent his entire adult life building.

106. Defendant Correra, Sr., introduced Defendant Meyer to Plaintiff in or about September 2005. Defendant Correra, Sr., described Defendant Meyer to Plaintiff as a private equity advisor rising star. Defendant Correra, Sr., told Plaintiff that Defendant Bland had

selected Defendant Meyer's firm as the SIC's private equity advisor, and that Defendant Bland liked Defendant Meyer. Defendant Correra, Sr., did not disclose – but rather knowingly, intentionally, and fraudulently concealed – that he, Defendant Meyer, and Defendant Bland were conducting and participating in a pattern of racketeering activity to generate tens of millions of dollars of illegal payoffs, and that they were plotting to extend that criminal activity to the ERB's investment process.

107. In 2006, the ERB selected Defendant Aldus Partners, led by Defendant Meyer, as the ERB's private equity advisor. Defendant Aldus Partners was selected from a field of candidates. Plaintiff supported Defendant Aldus Partners, based on (a) Defendant Aldus Partners' proposal, (b) the fact that the SIC previously had selected Defendant Aldus and had reported to be pleased with its services, (c) Defendant Correra, Sr.'s strong recommendation, (d) Defendant Bland's strong recommendation, and (e) the recommendations of other SIC members. At that time, Plaintiff gave great weight to the opinions of Defendants Bland and Correra, Sr., whom Plaintiff believed were highly knowledgeable investors acting in the best interests of the ERB.

108. If Plaintiff had known the true facts, however, he would have opposed Defendant Aldus Partners. In addition, Plaintiff would have disclosed the true facts to all of the ERB's board members. Upon information and belief, if the true facts had been disclosed all of the ERB board members other than Defendant Bland likewise would have opposed hiring Defendant Aldus Partners.

109. On October 2, 2009, Defendant Meyer pled guilty in New York to a felony fraud charge for his participation in the nationwide corruption scheme described herein. Defendant Meyer's guilty plea was made pursuant to a multi-jurisdictional plea agreement. In connection

with that plea agreement, Defendant Meyer agreed to cooperate with State and federal prosecutors and to provide testimony regarding the unlawful conduct of other participants in Defendants' scheme.

110. Regarding Defendants' scheme in New Mexico, Defendant Meyer admitted that – in violation of his strict fiduciary duty to act solely in the best interests of the SIC and the ERB – he made recommendations calculated in part to benefit politically-connected individuals or their associates. That is, Defendant Meyer knowingly, intentionally, and fraudulently made investment recommendations to the SIC and the ERB with the intention and effect of generating payoffs to Defendant Correra, Jr. In a nutshell, Defendants' scheme was to steer billions of dollars in New Mexico investments to private equity investment firms willing to make unlawful and undisclosed payoffs to Defendant Correra, Jr., and others, rather than investing those funds based solely on an independent and unbiased analysis of the merits of the investments.

111. In retrospect, it now is apparent that the Defendants' scheme was in full gear at the SIC at least as early as Defendant Correra, Sr.'s September 2005 introduction of Defendant Meyer to Plaintiff. And Defendant Correra, Sr., well knew that if Defendants Meyer and Aldus Partners were hired as the ERB's private equity advisor they would expand Defendants' scheme to generate millions of additional dollars in unlawful payoffs from ERB investments.

112. Plaintiff spoke with Defendant Meyer a number of times before Defendant Aldus Partners was selected, and Plaintiff met many times with Defendant Meyer after Defendant Aldus Partners was selected in the course of Plaintiff's work as Chairman of the ERB. Defendant Meyer knowingly, intentionally, and fraudulently deceived Plaintiff in each and every one of those conversations and meetings, by pretending to fulfill his strict fiduciary duty to act solely in the best interests of the ERB and by concealing Defendants' scheme. Defendant Meyer

did so knowing full well that he was jeopardizing everything Plaintiff had spent his entire adult life building.

113. Defendants Meyer and Aldus Partners likewise knowingly, intentionally, and fraudulently deceived the ERB staff and board about the payoffs being made under the guise of "placement agent" fees. Defendant Aldus Partners' "Professional Services Agreement" with the ERB explicitly required that the Aldus Defendants "shall send written notice to [the ERB] of any transaction that involves a placement agent," and to do so "within thirty (30) days." The Agreement also required that the disclosure "include at a minimum the name of the placement agent and a list of any other public funds that may be involved in the transaction." Defendants Meyer and Aldus Partners, however, knowingly, intentionally, and fraudulently breached their disclosure obligations under this provision.

114. Defendants Meyer and Aldus initially violated their disclosure obligation by knowingly, intentionally, and fraudulently providing false responses to the ERB denying that any "placement agents" were involved in transactions, when they well knew Defendant Correra, Jr., was being paid on those transactions under the guise of "placement agent" fees. Defendants Meyer and Aldus Partners then presented the documents containing these fraudulent disclosures to the ERB board during public meetings at which the board considered and voted on the investments Defendants Meyer and Aldus Partners recommended.

115. When the ERB staff later became aware of discrepancies and demanded supplemental disclosures, Defendants Meyer and Aldus Partners knowingly, intentionally, and fraudulently provided false responses identifying fakes and fronts as the "placement agents," in order to hide the payments to Defendant Correra, Jr., and to perpetuate Defendants' scheme.

116. Plaintiff met Defendant Bland in or about January 2005, when they both served on the ERB Solvency Task Force ("Task Force"). The Governor created the Task Force to address the Fund's deteriorating financial position and he appointed the task force members, including Defendant Bland and Plaintiff as Chairman. Plaintiff observed Defendant Bland's apparent investment expertise in the course of the Task Force's work, and Plaintiff learned that Defendant Bland had spent two decades running a pension fund many times larger than the ERB's Fund. One of the final recommendations of the Task Force was to increase the number of ERB board members with investment expertise.

117. Plaintiff met Defendant Bland again in 2005 at several political and social events. Based on the Mellon Report, the ERB Solvency Task Force recommendations, and Plaintiff's observations – and being unaware of Defendants' scheme – Plaintiff concluded that Defendant Bland would be a valuable addition to the ERB board. Accordingly, Plaintiff contacted the Governor's Chief of Staff and requested that Defendant Bland be appointed as an ERB board member. In accordance with Plaintiff's hands-on leadership of the ERB, Plaintiff took this step on his own initiative. Defendant Bland became an ERB board member in October 2005.

118. Many of the ERB board members considered Defendant Bland to be the smartest person in the room when it came to investing, and respected his opinions on and experience with alternative asset classes and investment allocations. But Plaintiff, and upon information and belief other board members, lost their respect for Defendant Bland on about July 1, 2009, when Defendant Bland admitted to the Albuquerque Journal that he knew that Defendant Correra, Jr., had received at least some of the previously undisclosed $ 22,000,000 ($ 22 Million) in "fees."

119. As a fiduciary, Defendant Bland had a strict duty to disclose his knowledge of these payments – as well as any potential payments – to his fellow board members when the

investments came before the ERB for approval. But, in order to conceal, further, and perpetuate the Defendants' scheme, Defendant Bland knowingly, intentionally and fraudulently kept the payments a secret, in violation of his fiduciary duties and the trust placed in him by his fellow board members.

120. Plaintiff had many meetings and conversations with Defendant Bland about ERB business, including investment options and decisions. Defendant Bland knowingly, intentionally, and fraudulently deceived Plaintiff in each and every one of those meetings and conversations, by pretending to honor his strict fiduciary duty to act solely in the best interests of the ERB, and by concealing the Defendants' scheme. Defendant Bland did so knowing full well that he was jeopardizing everything Plaintiff had spent his entire adult life building.

121. In retrospect, it now is apparent that – unbeknownst to Plaintiff – Defendant Correra, Sr., used his influence to push for Defendant Bland's hiring as the State Investment Officer and SIC Chair, in order to further the Defendants' scheme and as an integral part thereof. That is, Defendant Correra, Sr., began plotting Defendants' scheme with Defendant Bland from the outset; before Defendant Bland was hired as SIC Chair. Moreover, Defendant Bland's participation in Defendants' scheme had been underway for years before Defendant Bland was appointed to the ERB. Accordingly, Defendant Bland's ongoing unlawful and tortious conduct began before Defendant Bland became a New Mexico State official of any kind, and years before he began acting in his official capacity as an ERB board member.

Defendant Deutsche Bank Joined The Plot.

122. In early 2006, Defendant Deutsche Bank was the only major global investment banking firm without a substantial private equity consulting practice in the United States.

Defendant Deutsche Bank sought to change that by acquiring a controlling interest in Defendant Aldus Partners.

123. By the end of summer 2006, Defendant Deutsche Bank's acquisition negotiations with Defendant Aldus were nearing completion, and Defendant Deutsche Bank was preparing to finalize a contract to acquire a substantial ownership interest in Defendant Aldus Partners.

124. When Plaintiff became aware of Defendant Deutsche Bank's proposed acquisition of Defendant Aldus Partners, the news enhanced Plaintiff's confidence in the ERB's selection of Defendant Aldus Partners as its private equity advisor. Plaintiff believed, among other things, that Defendant Deutsche Bank's ownership would benefit the ERB by providing Defendant Aldus Partners with increased access to private equity investments.

125. In early October 2006, however, before Defendant Deutsche Bank and Defendant Aldus Partners had reached a final acquisition agreement, a group of partners in Defendant Aldus Partners voted to terminate Defendant Meyer's position at Defendant Aldus Partners. They did so because they became aware that Defendant Meyer was involved in corrupt and criminal misconduct. While this group of other partners may not have known every detail about Defendants' scheme, they knew enough to stop it in its tracks. Indeed, the evidence supporting their decision to remove Defendant Meyer included, among other things, a secretly recorded telephone conversation in which Defendant Meyer admitted that he was paid a kickback by Defendant Correra, Jr.

126. On or about the day following Defendant Meyer's termination by his partners, Defendants O'Reilly and Taylor requested and later attended a meeting with Thomas Curtis, Deutsche Bank's then Global Head of Business Development, to notify Deutsche Bank of Defendant Meyer's termination and to attempt to move forward in finalizing an agreement. At

the meeting, which occurred at the Pierre Hotel in New York City, Defendants O'Reilly and Taylor disclosed the evidence of Defendant Meyer's wrongdoing to Thomas Curtis, Deutsche Bank's executive.

127. If Defendant Deutsche Bank promptly had disclosed what it knew in October 2006 to Plaintiff as Chairman of the ERB, to the ERB's professional staff, or to any other loyal State official, Defendants' scheme would have come to an immediate halt. And if Defendant Deutsche Bank had done so, the ERB would have learned of Defendants' misconduct in sufficient time to avoid acting on even one single recommendation by Defendants Aldus Partners and Meyer. Moreover, if Defendant Deutsche Bank promptly had disclosed its knowledge – although it would have been too late to prevent all of the SIC investments recommended by Defendants Aldus Partners and Meyer – the SIC could have avoided investing an additional approximately $ 1,500,000,000 ($1.5 Billion) based on fraudulent advice.

128. But, instead of disclosing Defendants' criminal scheme, Defendant Deutsche Bank joined it.

129. At 2006 year-end, Defendant Deutsche Bank's assets totaled approximately $ 1,410,000,000,000 ($ 1.4 Trillion), and its total shareholder equity was approximately $ 43,300,000,000 ($ 43.3 Billion). Nevertheless, to enhance its vast wealth by an imperceptible margin, Defendant Deutsche Bank was prepared to participate in defrauding the State of New Mexico, without regard to the welfare of its victims. In fact, Defendant Deutsche Bank not only was willing to join Defendants' scheme, it eagerly insisted upon doing so. To ensure its ability to profit from Defendants' scheme, Defendant Deutsche Bank insisted that Defendant Meyer be reinstated as a partner in Defendant Aldus. In particular, shortly after the meeting at the Pierre

Hotel, Deutsche Bank's lawyer threatened to abandon the acquisition agreement and sue for damages if Defendant Meyer were not reinstated.

130. Defendant Deutsche Bank claims in its publications and Internet presence to care about "more than money," and holds itself out as a pillar of corporate social responsibility. Indeed, Defendant Deutsche Bank claims to be devoted to advancing lawful and ethical conduct and maintaining its integrity and reputation by preventing and detecting violations of law. But talk is cheap. Defendant Deutsche Bank's corporate conduct tells an entirely different story.

131. The other Aldus Defendant partners could have honored their fiduciary duties in spite of Deutsche Bank's outrageous misconduct by acting loyally and in the best interests of the ERB and the SIC, as they legally were obligated to do. But instead, they acted in their own selfish interests and (a) reinstated Defendant Meyer, (b) went through with the Deutsche Bank acquisition agreement, (c) took Defendant Deutsche Bank's money, (d) kept their mouths shut, (e) joined Defendants' scheme, and (f) continued to profit from the ongoing scheme. These other partners included, among others, Defendants O'Reilly, Taylor, and Ellman.

132. As a result of the acquisition in January 2007, Defendant Deutsche Bank became the single largest and the controlling shareholder of Aldus. Defendant Deutsche Bank used its controlling interest to join Defendant Aldus Partner's compliance, investment and audit committees, which are the committees responsible for detecting and preventing precisely the sort of misconduct the Aldus Defendants and Deutsche Bank already knew was occurring. Predictably, those committees served as window dressing only, and Defendant Deutsche Bank did nothing to remedy or even disclose the Aldus Defendants' wrongdoing. But that came as no surprise to any of the Aldus Defendants or the Deutsche Bank Defendants.

133. If Defendant Deutsche Bank had wanted to put a stop to Defendants' scheme rather than join and profit from it, Defendant Deutsche Bank never would have insisted that Defendant Meyer be reinstated in the first place. Defendant Deutsche Bank knowingly, intentionally, and fraudulently brought Defendant Meyer back to perpetuate the Defendants' criminal conduct, so that Defendant Deutsche Bank could profit by getting in on it.

134. Defendant Deutsche Bank also used its controlling interest in Defendant Aldus Partners to cause Defendant Aldus Partners to file a false disclosure statement with the U.S. Securities and Exchange Commission ("SEC") representing that Defendant Aldus Partners would adhere to Defendant Deutsche Bank's published ethics code. Violations of fiduciary duty, payoffs, and kickbacks are not authorized by Defendant Deutsche Bank's ethics code, any more than such unlawful conduct is authorized by the ethics code of any global financial giant.

135. After Defendant Deutsche Bank's acquisition of Defendant Aldus Partners, it did not stop at merely profiting from third-parties' dirty deals. To the contrary, Defendant Deutsche Bank agreed to make a payoff, in order to grease the skids for a dirty deal of its own.

Defendant Deutsche Bank-Topiary Trust Agreed To Make A Payoff.

136. Defendant Deutsche Bank-Topiary Trust, a $ 250,000,000 ($ 250 Million) hedge fund Defendant Deutsche Bank was promoting, agreed with Defendant Martin Cabrera to pay Defendant Cabrera Capital a "third-party marketing" fee. But the Deutsche Bank Defendants knew that, in fact, the agreed-upon "fee" was a payoff to be shared by Defendants Cabrera and Correra, Jr.

137. Defendant Deutsch Bank-Topiary Trust's agreement to pay Defendant Cabrera Capital was not disclosed to the ERB when the ERB approved the investment in November 2006, but the proposed payment to Defendant Cabrera Capital later was included in the

paperwork the Deutsch Bank Defendants submitted to ERB staff for approval. That paperwork did not disclose, however, that Defendant Correra, Jr., would share in the payment. Regardless, the ERB staff refused to approve the payment.

138. On or about November 28, 2006, Plaintiff received telephone calls from Defendant Martin Cabrera and Defendant Correra, Sr., as well as Defendant Deutsche Bank's representative Defendant Rice, all urging Plaintiff to intervene and direct the ERB's staff to approve the payment of a "third-party marketing" fee to Defendant Cabrera Capital. Plaintiff was surprised by the calls. The first reason Plaintiff was surprised is that Defendant Cabrera Capital had no apparent role whatsoever in ERB's Deutsche Bank-Topiary Trust investment. The second reason was that Plaintiff never before had heard of "third-party marketing" fees. And the third reason was that Defendant Correra, Sr., never before had contacted Plaintiff concerning anyone profiting from ERB investments.

139. Plaintiff found the call from Defendant Correra, Sr., in particular to be disturbing. From that point forward, although Plaintiff still had no idea that the Correra Defendants were scheming to profit personally from New Mexico investments, Plaintiff no longer considered Defendant Correra, Sr., to be a completely independent and disinterested resource regarding ERB investments. Instead, from that point forward Plaintiff believed Defendant Correra, Sr., had some motive to try to help his friends profit from the ERB.

140. Before Plaintiff received these telephone calls on or about November 28, 2006, he never before had heard of "third-party marketing" fees.

141. Defendant Rice was the representative of Defendant Deutsche Bank who called Plaintiff and urged him to intervene. Defendant Rice also was one of the Deutsche Bank representatives who negotiated the agreement to pay Defendant Cabrera Capital. Defendant Rice

knew, or at the very least should have known, that the agreement was for an unearned and unlawful payoff rather than a legitimate "third-party marketing" fee.

142. Nevertheless, in Defendant Rice's telephone conversation with Plaintiff, he falsely attempted to persuade Plaintiff that the payment was legitimate. In addition, as a vehicle to mislead Plaintiff, Defendant Rice e-mailed Plaintiff an article about third-party marketing agents that Defendant Rice falsely claimed supported the propriety of the requested payment, when in fact the article demonstrates precisely the opposite.

143. In order to increase his odds of deceiving Plaintiff, Defendant Rice sent Plaintiff a highlighted copy of the article that emphasized isolated vague and ambiguous language seemingly justifying the payment, while failing to emphasize other language demonstrating the payment was unjustified. For example, Defendant Rice failed to highlight the sentence explaining that a genuine third-party marketing agent would be "meeting with the manager during the due diligence phase and [would] be closely involved in discussing strategy, all marketing decisions, and attending investor presentations." As Defendant Rice well knew, neither Defendant Cabrera Capital nor Defendant Correra, Jr., performed those or any other services legitimate placement agents would be expected to perform.

144. Defendant Rice told Plaintiff that, absent the ERB's written approval of the payment of a third-party marketing fee, the securities laws of the United States would not allow the third party marketing fee payment.

145. Defendant Stimson is the other representative of Defendant Deutsche Bank who negotiated the agreement to pay Cabrera Capital. Defendant Stimson also is the representative who placed the misleading highlights on the article forwarded to Plaintiff by Defendant Rice. Defendant Stimson knew, or at the very least should have known, that the agreement was for an

unearned and unlawful payoff, rather than a legitimate "third-party marketing" fee. Nevertheless, Defendant Stimson knowingly, intentionally, and fraudulently prepared the deceptively highlighted article for the purpose of misleading Plaintiff, knowing that it would be transmitted to Plaintiff by an interstate e-mail.

146. Despite Defendant Deutsche Bank's best efforts to deceive and manipulate Plaintiff, Plaintiff did not intervene and the ERB's staff did not authorize the payment. Based on Defendant Rice's representation, Plaintiff believed that the "third-party marketing" fee would not be paid, because the ERB refused to sign the approval. Moreover, as a result of Defendant Rice's representations to Plaintiff on behalf of Deutsche Bank, Plaintiff believed that no such fee ever would be paid on an ERB investment, absent the ERB's advance written approval to do so.

147. Notwithstanding its lip service to integrity, Defendant Deutsche Bank has a long and sordid history of corporate irresponsibility that demonstrates devotion to one thing only: money. Defendant Deutsche Bank's misconduct here is characteristic of a corrupt corporate culture eager to exploit every opportunity – including fraudulent opportunities – to increase corporate profits.

148. For example, one of Defendant Deutsche Bank's tentacles is Deutsche Bank Securities, Inc. ("Deutsche Bank Securities"), which indirectly is owned and controlled by Defendant Deutsche Bank A.G. Deutsche Bank Securities' "FINRA" report discloses more than 150 regulatory actions in the last decade against this one Deutsche Bank tentacle alone, and the report also discloses that Defendant Deutsche Bank A.G. directs Deutsche Bank Securities' management or policies. "FINRA" is the acronym for the Financial Industry Regulatory Authority, which is the largest independent regulator for all securities firms doing business in the

United States. FINRA's mission is to protect America's investors by making sure the industry operates fairly and honestly.

149. One of the events disclosed in Deutsche Bank Securities' FINRA report is a 2004 SEC enforcement action regarding fraudulent conflicts of interest. Deutsche Bank Securities agreed to an injunction in that SEC action, on behalf of its "officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice," prohibiting the specific fraudulent activity in that case. Nevertheless, just two years later, Defendant Deutsche Bank joined the even more outrageous and blatant fraudulent scheme described in this Complaint.

The Vanderbilt Defendants Paid Off Defendant Correra, Jr., And Deceived Plaintiff.

150. Notwithstanding Defendants' scheme described above, and although this fact in no way excuses the Defendants' misconduct, many of the ERB investments recommended by Defendant Aldus Partners have performed well. Unfortunately, the same cannot be said for the ERB's investment with the Vanderbilt Defendants. Specifically, the ERB invested $ 40 Million in Defendant Vanderbilt Trust, and today the investment is virtually worthless. This approximately $ 40 Million loss was a direct result of Defendants' scheme.

151. The Vanderbilt loss is a component of the Fund's total performance discussed above, and therefore is included in the approximately $ 2,700,000,000 portfolio value increase amounting to approximately $ 28,000 per ERB member. If the Vanderbilt loss had not been incurred, the portfolio value would have increased during the same time period by an additional $ 40,000,000, amounting to an additional approximately $ 420 per member.

152. Following the statutory Prudent Investor Rule to achieve a relatively high rate of return – and in this instance a $ 28,000 per ERB member increase in value – necessarily involves

risk. One of the risks is that a particular investment will be hurt or even lost as a result of securities fraud. These risks only can by avoided completely, however, by investing entirely in risk free securities such as United States Treasury notes, which pay relatively low yields. But it would be contrary to both the Mellon Report's recommendations and the ERB's governing statute – as well as disastrous to the financial soundness of any defined benefits pension plan – to invest the Fund's entire portfolio in risk free investments.

153. Regardless of the Fund's multibillion dollar gains, however, the Defendants' scheme resulted in the $40 Million Vanderbilt loss, and a fraud costing that amount of educators' retirement assets is both inexcusable and gravely serious. Notwithstanding the Fund's overall success during this time period, the Vanderbilt loss shook ERB members' confidence in their pension Fund, undermined their sense of financial security, and damaged their view of State officials in general and Plaintiff in particular.

154. The ERB's investment committee and board both approved the Vanderbilt investment at back-to-back special meetings on May 12, 2006, which were publicly held and recorded in accordance with the New Mexico Open Meetings Act. That approval was based on, among other things, (a) the Vanderbilt Defendants' presentation, (b) Defendant Bland's enthusiastic endorsement, and (c) the recommendation of Frank Foy, the then Chief Investment Officer of the Fund. But Plaintiff never would have called the special meetings if the Vanderbilt Defendants had not deceived Plaintiff. Moreover, if Defendant Bland had honored his fiduciary duties and publicly disclosed his knowledge that Defendant Correa Jr., would be paid a fee on the Vanderbilt investment, that public disclosure would have derailed the proposed investment.

155. Defendant Livney, the Chief Executive Officer of Defendant Vanderbilt Financial, made Vanderbilt's first contact with the ERB by telephoning Mr. Foy in January 2006.

But rather than act professionally as expected of a high-ranking official of the State of New Mexico responsible for investing Billions of dollars in public funds, Mr. Foy by his own admission told Defendant Livney: "I don't have time to screw with it, dude." Mr. Foy's unprofessional behavior led directly to Defendant Livney contacting Plaintiff and seeking Plaintiff's direct intervention.

156. Defendant Livney, at Defendant Bland's suggestion, then telephoned Plaintiff to report his conversation with Mr. Foy and he represented that his firm had a time-sensitive investment that was an excellent investment opportunity for the ERB. Defendant Livney did not disclose to Plaintiff, then or at any time, that he had agreed on behalf of the Vanderbilt Defendants to a $ 2,000,000 ($ 2 Million) payoff to Defendant Correra, Jr. Instead, Defendant Livney said only that Defendant Bland had told him to call Plaintiff and that Defendant Bland was, on behalf of the SIC, a large investor in Vanderbilt products.

157. Plaintiff called Defendant Bland immediately after his telephone conversation with Defendant Livney to inquire about Vanderbilt, and Defendant Bland had glowing praise for the investment. Defendant Bland told Plaintiff that Vanderbilt was a great investment opportunity, and he would likely be buying a $100,000,000 stake on behalf of the SIC. Defendant Bland also told Plaintiff that he had a lot of experience with Vanderbilt, that he found it to be an outstanding organization, and that he believed the ERB should invest in Vanderbilt.

158. Plaintiff already was deeply concerned about Mr. Foy's performance during the Fund's recent multibillion dollar losses, and Plaintiff doubted Mr. Foy's competence to serve as the Chief Investment Officer presiding over the ERB's reallocation of investments into alternative asset classes. Learning about Mr. Foy's unprofessional behavior was disturbing to Plaintiff, and it further diminished Plaintiff's opinion of Mr. Foy's suitability for his job.

159. Based upon Defendant Bland's recommendation, and given the information available to Plaintiff at the time, Plaintiff considered it his responsibility as ERB Chairman to provide Defendant Livney with the sort of fair and professional consideration that a financial firm had the right to expect from the ERB. Accordingly, Plaintiff agreed to meet with Defendant Livney to discuss the Vanderbilt investment. But if Defendant Livney had been honest with Plaintiff and disclosed the Vanderbilt Defendants' agreement with Defendant Correra, Jr., Plaintiff would not have met with Defendant Livney or taken any action other than to recuse himself from consideration of the Vanderbilt investment.

160. Instead, as a result of Defendant Livney's deception, Plaintiff met with Defendant Livney, who provided a compelling presentation in support of the Vanderbilt investment. Plaintiff then directed Mr. Foy to attend a seminar to learn about the investment and to make a recommendation to the ERB.

161. Plaintiff scheduled special meetings of the investment committee and the board to consider the Vanderbilt investment on an expedited basis, since Defendant Livney represented that the ERB would miss the opportunity to invest if it did not act quickly.

162. Defendant Florian likewise communicated with Plaintiff and other representatives of the ERB, and he likewise affirmatively misled Plaintiff and others. In addition, Defendant Florian failed to disclose complete and accurate information he had a duty to disclose, and in particular he failed to disclose the payoff to Defendant Correra, Jr.

163. At the May 12, 2006 investment committee meeting, before a vote on the Vanderbilt investment was held, an ERB board member asked Defendant Livney point blank: "Could I ask how it came about that you came to us?" As the audio recording of that public meeting reflects, Defendant Livney responded by referring to his prior relationship with the SIC

but again knowingly, intentionally, and fraudulently kept secret the promised payoff to Defendant Correra, Jr.

164. Although Defendant Livney and the Vanderbilt Defendants intentionally kept secret their agreement to pay Defendant Correra, Jr., they were well aware of both the agreement and the fact that it provided for an unlawful payoff. In fact, their agreement not only contemplated that Defendant Correra, Jr., would not perform any of the services legitimate placement agents perform to earn their fee; it explicitly prohibited Defendant Correra, Jr., from doing so.

165. Defendant Livney and the Vanderbilt Defendants agreed to pay Defendant Correra, Jr., $ 2,000,000 ($ 2 Million) for (a) providing publicly available contact information for two State agencies, (b) keeping out of sight, and (c) otherwise doing nothing. The Vanderbilt Defendants then formalized this agreement in a remarkable contract dated November 28, 2006, and styled "Introduction Agreement." The parties to the Introduction Agreement were Defendant Vanderbilt Capital and Defendant SDN Advisers, which the Vanderbilt Defendants knew was controlled by Defendant Correra, Jr., and served as a vehicle for him to receive and obscure his illegal payoffs.

166. The "Introduction Agreement" is fraudulent on its face. The only purpose the "Introduction Agreement" served was to provide a paper trail for the Vanderbilt Defendants' $2,000,000 ($ 2 Million) illegal payoff to Defendant Correra, Jr. This document – standing alone – proves that the Vanderbilt Defendants knowingly, intentionally, and fraudulently joined in the Defendants' scheme.

167. By failing to disclose the agreed-upon payoff to Defendant Correra, Jr., Defendant Livney knowingly, intentionally, and fraudulently deceived the ERB, for the purpose of

concealing and perpetuating Defendants' scheme. Defendant Livney did so for his own benefit and, as a representative of the Vanderbilt Defendants, for the benefit of all of the Vanderbilt Defendants. The Vanderbilt Defendants' misconduct was calculated to serve their own selfish interests, in violation of their fiduciary duties, by obtaining ERB funds on fraudulent pretenses.

168. There is substantial evidence that, in addition to deceiving the ERB about the payoff to Defendant Correra, Jr., Defendant Livney and the Vanderbilt Defendants knowingly and intentionally defrauded the ERB regarding the value of the investment, including the risk and the expected return. But, for the purposes of Plaintiff's lawsuit, that is beside the point. Whether or not the underlying investment was fraudulent, the Vanderbilt Defendants participated in Defendants' scheme by (a) agreeing to payoff Defendant Correra, Jr., (b) failing to disclose the payoff contemporaneously to the ERB, (c) specifically misrepresenting the circumstances to Plaintiff and the ERB, and ultimately (d) making the payoff. By doing so, the Vanderbilt Defendants ratified the prior misconduct of the other Defendants and joined Defendants' scheme.

169. The Vanderbilt Defendants, by their misconduct, assumed joint and several responsibility for all of the damages to Plaintiff identified in this Complaint, and exacerbated those damages. Whether or not the investment had little or no genuine value at the time of the investment, it ultimately was virtually worthless. Under the circumstances, the community reaction to the media reports about the $ 40,000,000 ($ 40 Million) Vanderbilt loss and accompanying unlawful payoff was a direct and proximate cause of grievous injury to Plaintiff.

Defendant Correra, Sr., Provided A Mortgage Loan To Plaintiff Under False Pretenses.

170. In the summer of 2006, Plaintiff decided to take out an additional $ 350,000 mortgage on his home. Plaintiff had a number of other options for raising the funds he required,

including the alternative of liquidating his investment accounts, but he decided to keep his investments in place and borrow the money instead.

171. At the time, as a result of Defendant Correra, Sr.'s fraud and deception, Plaintiff believed Defendant Correra, Sr., was a very close personal friend. And according to Defendant Correra, Sr., he had approximately $ 20,000,000 ($ 20 Million) in his personal investment trading account, which made him Plaintiff's wealthiest friend by a very wide margin. Requesting the mortgage loan from Defendant Correra, Sr., rather than applying for a bank loan, appeared at the time to be Plaintiff's best and simplest option. Unbeknownst to Plaintiff, however, what appeared to be the best option was, in fact, the worst by far.

172. Defendant Correra, Sr., confided that he had a disabled son from an extra-marital affair, and that the loan to Plaintiff would be an opportunity to provide for his disabled son. Defendant Correra, Sr., went on to say that he wanted to take his son out of his will, in order to spare his wife from unnecessary discomfort upon his death, and to provide for his son by giving him a large gift. Defendant Correra, Sr., said that he planned to gift his disabled son a total of $ 600,000; the $ 350,000 loan proceeds plus an additional $250,000.

173. Because Defendant Correra, Sr., told Plaintiff that these assets were gifts to his son, Plaintiff, being a CPA, told Defendant Correra, Sr., he was required to file a gift tax return with the IRS. Defendant Correra, Sr., did so.

174. The loan was accomplished by an interest-bearing note and mortgage in favor of Defendant Correra, Sr.'s disabled son, secured by Plaintiff's home. The transaction was handled professionally, and the loan proceeds were not released to Plaintiff until the mortgage was filed with the Bernalillo County Clerk.

175. The note provided for a 6% annual interest rate, monthly payments, and a balloon payment requiring that the outstanding balance be paid within five years. Plaintiff fully and timely satisfied his obligations under the note to Defendant Correra, Sr.'s disabled son, even after Defendants' scheme had been exposed and Plaintiff had suffered the grievous damages described in this Complaint. Specifically, Plaintiff paid each monthly payment as due, and paid the entire outstanding balance in full within the five-year term.

176. When Plaintiff requested the loan from Defendant Correra, Sr., Plaintiff anticipated that the paperwork would reflect Defendant Correra, Sr., as the lender. The mortgage and note were prepared in favor of Defendant Correra, Sr.'s son, however, at Defendant Correra, Sr.'s request. All of the payments were paid to his son's custodial account.

177. Plaintiff did not know, and could not have discovered based on the information available to him at the time, that the Correra Defendants were profiting from the ERB's reallocation of its investments, or otherwise were participating in corrupt, criminal, or immoral conduct of any kind. To the contrary, at the time Plaintiff had the highest regard, respect, and even affection for Defendant Correra, Sr., and Plaintiff considered Defendant Correra, Jr., to be a legitimate and successful professional. If Plaintiff had known the truth about Defendant Correra, Sr., however, he never would have entered into this or any other business transaction with him.

178. Defendant Correra, Sr., entered into this transaction with Plaintiff in order to further ingratiate himself to Plaintiff, and as a vehicle to continue to conceal Defendants' ongoing scheme from Plaintiff. Given Defendant Correra, Sr.'s wealth and the false pretense of a close friendship that he carefully had constructed, it would have been odd for him to decline Plaintiff's request. Moreover, by entering into the transaction, Defendant Correra, Sr., solidified the false impression that he carefully had constructed; namely, that he was Plaintiff's close and

loyal friend. Accordingly, Defendant Correra, Sr., entered into the transaction for his own selfish purposes, knowing that by doing so Plaintiff would be ruined by the false impression it would create if the Defendants' scheme were exposed.

179. If, rather than agreeing to payoff Defendant Correra, Jr., the Vanderbilt Defendants had honored their fiduciary duties and disclosed the circumstances to Plaintiff or any loyal ERB official, Plaintiff would have become aware of Defendants' scheme before Plaintiff entered into the mortgage transaction. If the Vanderbilt Defendants had done so, as they were obligated to do, Plaintiff would not have entered into the mortgage transaction and thereby avoided the damage resulting from that transaction.

180. If the Deutsche Bank Defendants had disclosed Defendants' scheme after the Pierre Hotel meeting, as they were obligated to do, the damage to Plaintiff likewise would have been prevented. Although the disclosure to the Deutsche Bank Defendants was after the mortgage transaction, it was before the ERB acquired any of the investments recommended by Defendants Meyer and Aldus. Moreover, while the disclosure to the Deutsche Bank Defendants was after the Vanderbilt transaction, it was before the November 28, 2006 "Introduction Agreement" and before the Vanderbilt Defendants paid any portion of the payoff to Defendant Correra, Jr., through Defendant SDN Advisers or otherwise.

181. Accordingly, if the Deutsche Bank Defendants had disclosed the misconduct, Plaintiff could have taken appropriate action to protect the ERB and himself before any payments were made to Defendant Correra, Jr., on any ERB investments. But instead, since Plaintiff did not know and could not have known about Defendants' scheme until after the payoffs were made, the Deutsche Bank Defendants' misconduct ensured that the damage to Plaintiff was unavoidable.

Other Defendants Took Their Cut To Be Fronts for Defendant Correra, Jr.

182. It was essential to the Defendants' scheme that Defendant Correra, Jr.'s receipt of "fees" from SIC and ERB investments be kept secret. Accordingly, Defendant Correra, Jr., used a variety of fronts as the disclosed recipients of the fees.

183. Some of the fronts merely were entities created and wholly controlled by Defendant Correra, Jr. Other fronts were controlled by third parties and operated like high-end "bagmen;" that is, they received a cut for passing the payoffs on to Defendant Correra, Jr.

184. As identified above, these fronts included at least the following Defendants: Martin Cabrera, Cabrera Capital, Ajax Investments, Ajax Advisors, Arlene Rae Busch, DAV/Wetherly, Wetherly GP, Daniel Weinstein, Vicky Lee Schiff, Julio Ramirez, SDN Advisers, L2 Capital, L2 Investment, and L2 Asset. Each and every one of these front Defendants played an integral role in Defendants' scheme, and each could have prevented damage to Plaintiff and Defendants' other victims by disclosing the plot to Plaintiff or any other loyal State official.

The Defendants' Scheme Was Exposed.

185. A number of diligent, skilled, and loyal professionals employed by the SIC and the ERB began in late 2008 to uncover information they considered suspicious concerning Defendant Aldus's business practices, and they began investigating the circumstances. While Defendant Meyer and others attempted to obstruct those efforts, professionals at the SIC and ERB continued to uncover more and more information confirming their suspicions.

186. On March 19, 2009, as these New Mexico professionals were on the verge of gathering sufficient evidence to disclose their findings, the New York Attorney General

announced criminal charges against New York State Officials and alleged that Defendants Meyer and Aldus Partners were involved in the corruption of New York's public investment process.

187. On April 17, 2009, the SIC released a spreadsheet disclosing that millions of dollars in "third-party marketing" fees had been paid on investments recommended by Defendant Aldus. Even after this spreadsheet was released, Plaintiff remained convinced that no such fees had been paid in connection with any ERB investments. Plaintiff's belief was based on Defendant Deutsche Bank's representation that "third-party marketing" fees could not be paid without the ERB's written approval, and Plaintiff's confidence that no such approvals had been signed by the ERB.

188. Shortly before the information was publicly released by the ERB on May 9, 2009, ERB staff informed Plaintiff that huge "third-party marketing" fees had been paid in connection with ERB investments, and that Defendant Correra, Jr., had shared in many millions of dollars of those fees. Plaintiff was stunned by this disclosure.

189. As of June 30, 2011, the SIC and ERB investigations disclosed that Defendant Correra, Jr., had shared in approximately $ 22,000,000 ($ 22 Million) in "third-party marketing" fees.

The Mortgage Was Disclosed And The False Impression Ruined Plaintiff.

190. In March 2010, Plaintiff requested and passed a polygraph examination from a preeminent polygraph examiner confirming that he had no knowledge whatsoever of the "third-party marketing" fees paid on ERB investments until he received the information from ERB staff in the Spring of 2009. The polygraph examination also confirmed that, as far as Plaintiff knew, the mortgage was nothing more than an innocent loan and security agreement requiring repayment in accordance with its terms. Nevertheless, Plaintiff understood very well that

Defendant Correra, Sr., had put him in an impossible position, and that the circumstances inevitably would create a false impression that would hurt him and his family.

191. The SEC and the U.S. Department of Justice ("DOJ") both commenced investigations regarding the investment practices at the SIC and ERB, and both requested that Plaintiff produce documents and agree to be interviewed.

192. Plaintiff produced tens of thousands of documents requested by the agencies, at considerable effort and expense. Plaintiff also voluntarily appeared for interviews by both agencies. Plaintiff first spent more than a full day answering the SEC's questions. Plaintiff fully disclosed everything about the mortgage, which he first disclosed to the SEC in the course of producing documents, and he answered all of the SEC's questions.

193. In contrast to Plaintiff's truthful cooperation with the SEC, Defendants Bland and Correra, Jr., both testified falsely under oath before the SEC, in an attempt to hinder and obstruct the SEC's investigation into Defendants' scheme.

194. Shortly after Plaintiff's SEC interview, the mortgage was reported in the media. The false but severely damaging impression left by the disclosure of the mortgage was that Plaintiff received $ 350,000 from Defendant Correra, Sr., as some sort of a payoff. The truth – that it was a loan Plaintiff accepted in good faith and paid back according to its terms – was drowned out by the enormity of Defendants' wrongdoing.

195. The consequences for Plaintiff were catastrophic. As a direct and proximate result of Defendants' scheme, which specifically targeted Plaintiff as one of its victims, Plaintiff lost his business, his job, and his place in New Mexico politics. In addition, Plaintiff suffered immense damage to his professional reputation and goodwill, opportunities, earning capacity, personal reputation, standing in the community, and overall wellbeing.

196. Plaintiff suffered these damages following his interview with the SEC, but before his interview with the DOJ. Nevertheless, Plaintiff continued to cooperate fully with the investigating authorities and voluntarily appeared for an interview with the DOJ to answer its questions as well.

COUNT I

Violations Of The Racketeering Act, NMSA 1978, § 30-42-4(C) By All Defendants

197. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 196 as if fully set forth herein.

198. The ERB constitutes an "enterprise," as that statutory term is defined by NMSA 1978, § 30-42-3(C), to include legitimate legal entities.

199. In the alternative, at all times material to this Complaint the ERB staff and board constituted an associated-in-fact "enterprise," as that statutory term is defined by NMSA 1978, § 30-42-3(C), to include legitimate associations.

200. Each of the Defendants is a "person," as that statutory term is defined by NMSA 1978, § 30-42-3(B), to include persons and entities capable of holding a legal or beneficial interest in property.

201. At all times material to this Complaint, each of the Defendants was employed by and/or associated with the enterprise.

202. At all times material to this Complaint, each of the Defendants conducted and/or participated, directly or indirectly, in the conduct of the enterprise's affairs by engaging in a "pattern of racketeering activity," as that statutory phrase is defined by NMSA 1978, § 30-42-3(D).

203. Defendants agreed to conduct, did conduct, and participated, directly or indirectly, in the conduct of the enterprise's affairs – to wit, the carrying out the enterprise's lawful function of administering and investing the Fund – by engaging in at least two incidents of racketeering as that term is defined in NMSA 1978, § 30-42-3(A). In particular, these racketeering acts included the following crimes chargeable under the laws of New Mexico and punishable by imprisonment of more than one year:

(a) Multiple acts of fraud, as proscribed by NMSA 1978, § 30-16-6, the factual basis for which is described above.

(b) Multiple acts of bribery of a public officer, including demanding and receiving bribes, as proscribed by NMSA 1978, §§ 30-24-1 and 30-24-2, the factual basis for which is described above.

(c) Multiple acts of soliciting, receiving, offering, and paying kickbacks, as proscribed by NMSA 1978, §§ 30-41-1 and 30-41-2, the factual basis for which is described above.

(d) Multiple acts of extortion, as proscribed by NMSA 1978, § 30-16-9, the factual basis for which is described above.

(e) Multiple acts of criminal solicitation, as proscribed by NMSA 1978, § 30-28-3, the factual basis for which is described above.

(f) Multiple acts of fraudulent securities practices, as proscribed by NMSA 1978, §§ 58-13B-30 and 58-13B-33 (effective for violations committed through December 31, 2009), the factual basis for which is described above.

(g) Multiple acts of money laundering, as proscribed by NMSA 1978, § 30-51-4, the factual basis for which is described above.

In accordance with NMSA 1978, § 30-42-3(D), at least one of these acts occurred after February 28, 1980, and the last such act occurred within five years after the commission of a prior incident of racketeering.

204. Defendants directly and indirectly have conducted and participated in conduct of the enterprise's affairs through the pattern of racketeering described above, in violation of NMSA 1978, § 30-42-4(C).

205. The pattern of racketeering set forth above continued during the closed period between in or about January 2003 and in or about July 2009.

206. As the direct and proximate result of Defendants' racketeering activities and violations of NMSA 1978, § 30-42-4(C), Plaintiff has been injured in his person, business and property, as described above.

COUNT II

Violations Of The Racketeering Act, NMSA 1978, § 30-42-4(C) By Defendants Correra, Sr., Correra, Jr., Bland, Meyer, Aldus GP, Aldus Equity, Aldus Capital, Aldus-GSS, Aldus-Erasmus L.P., Aldus-Erasmus GP, Taylor, and Ellman, and the Deutsche Bank Defendants

207. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 206 as if fully set forth herein.

208. Aldus Partners constitutes an "enterprise," as that statutory term is defined by NMSA 1978, § 30-42-3(C), to include illicit entities.

209. Defendants Correra, Sr., Correra, Jr., Bland, Meyer, Aldus GP, Aldus Equity, Aldus Capital, Aldus-GSS, Aldus-Erasmus L.P., Aldus-Erasmus GP, Taylor, Ellman, Deutsche Bank A.G., Deutsche Bank Americas, Deutsche Bank DBAH, Deutsche Bank-Topiary Trust, Deutsche Bank-DB, Rice, Stimson, and Deutsche Bank John Does 1 through 10 ("Count II Defendants") all are "person[s]," as that statutory term is defined by NMSA 1978, § 30-42-3(B), to include persons and entities capable of holding a legal or beneficial interest in property.

210. At all times material to this Complaint, each of the Count II Defendants was employed by and/or associated with the enterprise.

211. At all times material to this Complaint, each of the Count II Defendants conducted and/or participated, directly or indirectly, in the conduct of the enterprise's affairs by engaging in a "pattern of racketeering activity," as that statutory phrase is defined by NMSA 1978, § 30-42-3(D).

212. The Count II Defendants agreed to conduct, did conduct, and participated, directly or indirectly, in the conduct of the enterprise's affairs by engaging in at least two incidents of racketeering as that term is defined in NMSA 1978, § 30-42-3(A). In particular, these racketeering acts included the following crimes chargeable under the laws of New Mexico and punishable by imprisonment of more than one year:

(a) Multiple acts of fraud, as proscribed by NMSA 1978, § 30-16-6, the factual basis for which is described above.

(b) Multiple acts of bribery of a public officer, including demanding and receiving bribes, as proscribed by NMSA 1978, §§ 30-24-1 and 30-24-2, the factual basis for which is described above.

(c) Multiple acts of soliciting, receiving, offering, and paying kickbacks, as proscribed by NMSA 1978, §§ 30-41-1 and 30-41-2, the factual basis for which is described above.

(d) Multiple acts of extortion, as proscribed by NMSA 1978, § 30-16-9, the factual basis for which is described above.

(e) Multiple acts of criminal solicitation, as proscribed by NMSA 1978, § 30-28-3, the factual basis for which is described above.

(f) Multiple acts of fraudulent securities practices, as proscribed by NMSA 1978, §§ 58-13B-30 and 58-13B-33 (effective for violations committed through December 31, 2009), the factual basis for which is described above.

(g) Multiple acts of money laundering, as proscribed by NMSA 1978, § 30-51-4, the factual basis for which is described above.

In accordance with NMSA 1978, § 30-42-3(D), at least one of these acts occurred after February 28, 1980, and the last such act occurred within five years after the commission of a prior incident of racketeering.

213. The Count II Defendants directly and indirectly have conducted and participated in conduct of the enterprise's affairs through the pattern of racketeering described above, in violation of NMSA 1978, § 30-42-4(C).

214. The pattern of racketeering set forth above continued during the closed period between in or about January 2003 and in or about July 2009.

215. As the direct and proximate result of the Count II Defendants' racketeering activities and violations of NMSA 1978, § 30-42-4(C), Plaintiff has been injured in his person, business and property, as described above.

COUNT III

Violations Of The Racketeering Act, NMSA 1978, § 30-42-4(D) By All Defendants (Conspiracy To Violate NMSA 1978, § 30-42-4(C))

216. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 215 as if fully set forth herein.

217. Defendants conspired to violate NMSA 1978, § 30-42-4(C). Among other things, Defendants conspired to conceal and perpetuate their scheme intentionally to defraud Plaintiff and Defendants' other victims for their own monetary benefit.

218. Defendants conspired to defraud their victims and operate the enterprise (the ERB, or in the alternative, the associated-in-fact enterprise comprised of the ERB staff and board) through a pattern of racketeering activity. Defendants knew that their predicate acts and the predicate acts of their co-conspirators were a pattern of racketeering activity and agreed to

the commission of those acts to further their scheme. The conduct is a conspiracy to violate NMSA 1978, § 30-42-4(C), in violation of NMSA 1978, § 30-42-4(D).

219. As a direct and proximate result of Defendants' racketeering conspiracy and violations of NMSA 1978, § 30-42-4(D), Plaintiff has been injured in his person, business and property, as described above.

COUNT IV

Violations Of The Racketeering Act, NMSA 1978, § 30-42-4(B) By All Defendants

220. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 219 as if fully set forth herein.

221. The ERB constitutes an "enterprise," as that statutory term is defined by NMSA 1978, § 30-42-3(C), to include legitimate legal entities.

222. In the alternative, at all times material to this Complaint the ERB staff and board constituted an associated-in-fact "enterprise," as that statutory term is defined by NMSA 1978, § 30-42-3(C), to include legitimate associations.

223. Each of the Defendants is a "person," as that statutory term is defined by NMSA 1978, § 30-42-3(B), to include persons and entities capable of holding a legal or beneficial interest in property.

224. Defendants acquired and maintained an interest in and control of the enterprise through a "pattern of racketeering activity," as that statutory phrase is defined by NMSA 1978, § 30-42-3(D), and as described above.

225. Pursuant to and in further of their fraudulent scheme, Defendants committed multiple racketeering acts as described above.

226. Defendants, directly and indirectly, acquired and maintained interests in and control of the enterprise through the pattern of racketeering activity described above, in violation of NMSA 1978, § 30-42-4(B).

227. The pattern of racketeering set forth above continued during the closed period between in or about January 2003 and in or about July 2009.

228. As a direct and proximate result of Defendants' racketeering activity and violations of NMSA 1978, § 30-42-4(B), Plaintiff has been injured in his person, business and property, as described above.

COUNT V

Violations Of The Racketeering Act, NMSA 1978, § 30-42-4(B) By Defendants Correra, Sr., Correra, Jr., Bland, Meyer, Aldus GP, Aldus Equity, Aldus Capital, Aldus-GSS, Aldus-Erasmus L.P., Aldus-Erasmus GP, Taylor, and Ellman, and the Deutsche Bank Defendants

229. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 228 as if fully set forth herein.

230. Aldus Partners constitutes an "enterprise," as that statutory term is defined by NMSA 1978, Section 30-42-3(C), to include illicit entities.

231. Defendants Correra, Sr., Correra, Jr., Bland, Meyer, Aldus GP, Aldus Equity, Aldus Capital, Aldus-GSS, Aldus-Erasmus L.P., Aldus-Erasmus GP, Taylor, Ellman, Deutsche Bank A.G., Deutsche Bank Americas, Deutsche Bank DBAH, Deutsche Bank-Topiary Trust, Deutsche Bank-DB, Rice, Stimson, and Deutsche Bank John Does 1 through 10 ("Count V Defendants") all are "person[s]," as that statutory term is defined by NMSA 1978, § 30-42-3(B), to include persons and entities capable of holding a legal or beneficial interest in property.

232. Each of the Count V Defendants is a "person," as that statutory term is defined by NMSA 1978, § 30-42-3(B), to include persons and entities capable of holding a legal or beneficial interest in property.

233. The Count V Defendants acquired and maintained an interest in and control of the enterprise through a "pattern of racketeering activity," as that statutory phrase is defined by NMSA 1978, § 30-42-3(D), and as described above.

234. Pursuant to and in further of their fraudulent scheme, the Count V Defendants committed multiple racketeering acts as described above.

235. The Count V Defendants, directly and indirectly, acquired and maintained interests in and control of the enterprise through the pattern of racketeering activity described above, in violation of NMSA 1978, § 30-42-4(B).

236. The pattern of racketeering set forth above continued during the closed period between in or about January 2003 and in or about July 2009.

237. As a direct and proximate result of the Count V Defendants' racketeering activity and violations of NMSA 1978, § 30-42-4(B), Plaintiff has been injured in his person, business and property, as described above.

COUNT VI

Violations Of The Racketeering Act, NMSA 1978, § 30-42-4(D) By All Defendants (Conspiracy To Violate NMSA 1978, § 30-42-4(B))

238. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 237 as if fully set forth herein.

239. Defendants conspired to violate NMSA 1978, § 30-42-4(B). Among other things, Defendants conspired to conceal and perpetuate their scheme to acquire and maintain interests in and control of the enterprise (the ERB, or in the alternative, the associated-in-fact enterprise

comprised of the ERB staff and board) through a pattern of racketeering activity. In furtherance of the agreement, defendants engaged in the acts described above.

240. Defendants conspired to acquire or maintain their interests in the enterprise through a pattern of racketeering activity. Defendants knew that their predicate acts and the predicate acts of their co-conspirators were a pattern of racketeering activity and agreed to the commission of those acts to further their scheme. The conduct is a conspiracy to violate NMSA 1978, § 30-42-4(B), in violation of NMSA 1978, § 30-42-4(D).

241. As a direct and proximate result of Defendants' racketeering conspiracy and violations of NMSA 1978, § 30-42-4(D), Plaintiff has been injured in his person, business and property, as described above.

COUNT VII

Violations Of The Unfair Practices Act By All Defendants

242. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 241 as if fully set forth herein.

243. As described above, Defendants committed unfair and deceptive trade practices by knowingly making false and misleading statements in connection with the sale of goods or services that tended to deceive and mislead, or did deceive and mislead. In particular, Plaintiff and others (a) caused confusion and misunderstanding as to the source, sponsorship, and approval of goods or services, (b) caused confusion and misunderstanding as to affiliation, connection or association, and (c) used innuendo and ambiguity as to a material fact and failed to state a material fact, which deceived and tended to deceive Plaintiff and others.

244. As described above, Defendants committed unconscionable trade practices by knowingly taking advantage of the lack of knowledge of Plaintiff and others regarding Defendants' scheme in connection with the sale and the offering for sale of goods and services.

245. Plaintiff reasonably relied on Defendants' unfair and unconscionable trade practices.

246. As a direct and proximate result of Defendants' unfair and unconscionable trade practices, plaintiff has suffered a loss of money and property, real and personal, remediable in accordance with NMSA 1978, § 57-12-10.

COUNT VIII

Fraud By All Defendants

247. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 246 as if fully set forth herein.

248. Based on the misconduct described above, Defendants are liable to Plaintiff for fraud.

COUNT IX

Breach Of Fiduciary Duty By Specified Defendants

249. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 248 as if fully set forth herein.

250. Based on the misconduct described above, Defendants Bland, Meyer, Aldus Partners, Aldus GP, Aldus Equity, Aldus Capital, Aldus-GSS, Aldus-Erasmus L.P., Aldus-Erasmus GP, Taylor, Ellman, Deutsche Bank A.G., Deutsche Bank Americas, Deutsche Bank DBAH, Deutsche Bank-Topiary Trust, Deutsche Bank-DB, Rice, Stimson, Deutsche Bank John Does 1 through 10, Vanderbilt Trust, Vanderbilt Financial, Vanderbilt Capital, Vanderbilt-

Pioneer, Livney, and Florian ("Count IX Defendants") breached their fiduciary duties to the ERB, including Plaintiff in his capacity as ERB Chair.

251. Plaintiff personally and justifiably relied on the Count IX Defendants' duty to honor their fiduciary duties as well as their representations – explicit, implicit, and by omission – that they would honor their fiduciary duties.

252. As a direct and proximate result of the Count IX Defendants' breaches, Plaintiff has been injured in his person, business and property, as described above.

COUNT X

Aiding And Abetting Breach Of Fiduciary Duty By Specified Defendants

253. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 252 as if fully set forth herein.

254. Defendants Correra, Sr., Correra, Jr., Martin Cabrera, Cabrera Capital, Julio Ramirez, Ajax Investments, Ajax Advisors, Arlene Rae Busch, DAV/Wetherly, Wetherly GP, Daniel Weinstein, Vicky Lee Schiff, SDN Advisers, L2 Capital, L2 Investment, and L2 Asset ("Count X Defendants") knew or should have known that the Count IX Defendants owed fiduciary duties to the ERB and Plaintiff in his capacity as ERB Chair.

255. The Count X Defendants aided and abetted the Count IX Defendants in their breaches of their fiduciary duties, by knowingly and intentionally providing substantial assistance and encouragement to the Count IX Defendants to violate their fiduciary duties.

256. The Count X Defendants' misconduct was willful, wanton, reckless and oppressive.

257. As a direct and proximate result of the Count X Defendants' misconduct, Plaintiff has been injured in his person, business and property, as described above.

COUNT XI

Negligent Misrepresentation

258. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 257 as if fully set forth herein.

259. To the extent that any Defendants' misrepresentations are not found to be intentionally fraudulent, in the alternative those misrepresentations were made recklessly and Plaintiff seeks damages for such negligent misrepresentations.

260. Plaintiff has been injured in his person, business and property by any such negligent misrepresentations, as described above.

COUNT XII

Civil Conspiracy By All Defendants

261. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 260 as if fully set forth herein.

262. Defendants by words and deeds agreed and conspired together to participate in, further, and perpetuate Defendants' scheme described above.

263. As a direct and proximate result of the Defendants' conspiracy, Plaintiff has been injured in his person, business and property, as described above.

COUNT XIII

Prima Facie Tort By All Defendants

264. Plaintiff repeats and realleges each allegation contained in paragraphs 1 through 263 as if fully set forth herein.

265. Defendants intended to cause Plaintiff harm by their intentional conduct, and they succeeded in doing so as set forth in detail above. Their misconduct was the direct and proximate cause of harm to Plaintiff, and their conduct was not justified under all the circumstances.

266. To the extent that any of the causes of action stated above is held not to be actionable by Plaintiff in the State of New Mexico, in the alternative Plaintiff seeks damages for such misconduct as a prima facie tort.

WHEREFORE, Plaintiff demands judgment as follows:

A. Granting judgment against each and every defendant jointly and severally for the amount of actual damages sustained by Plaintiff as a result of the actions, inactions, representations, omissions, and breaches of each Defendant.

B. Awarding treble damages against Defendants on Plaintiffs' claims under the Racketeering Act.

C. Awarding treble damages against Defendants on Plaintiffs' claims under the Unfair Practices Act.

D. Awarding punitive damages against Defendants on Plaintiffs' remaining claims.

E. Awarding to Plaintiff the attorneys' fees, costs and disbursements incurred in this action, including but not limited to experts' fees.

F. Awarding to Plaintiff pre- and post-judgment interest to the full extent permitted by law; and

G. Granting such other and further relief as the Court may deem just and proper.

FALLICKLAW, LTD.

By _____

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DATED: November 1, 2011.